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Census to redefine poverty

By: Doug Nelson and Ron Haskins

With so many policy debates mired in partisan politics, the announcement last week by the U.S. Census Bureau that it plans to develop a supplemental poverty measure and then open it to public scrutiny is something both Republicans and Democrats can agree on.

The supplement is intended to augment the current, deeply flawed measure adopted in the 1960s. In computing family income, that standard ignores billions of dollars in federal and state benefits. It also ignores significant expenses — including day care, out-of-pocket medical expenses and housing costs — that have grown a great deal since the '60s.

The result has been a poverty measure that miscalculates both family income and family needs — the two most common-sense ingredients of an accurate poverty measure.

The new supplemental measure has grown out of years of research and extensive consultation with leading scholars, as well as recommendations from the National Academy of Sciences. It is to be unveiled in the Census Bureau's annual poverty report in the fall of 2011, alongside the current official measure. It should provide more accurate data for guiding national and state policy decisions that affect vulnerable families and children, greatly increasing the odds that these programs will be effective and efficient.

The proposed supplemental measure reflects a new — and much needed — consensus to use both conservative and liberal recommendations to improve the system for calculating poverty.

Conservatives should welcome the new measure because it addresses their major criticism that the current calculation does not accurately reflect total family income.

The modified measure includes income, or cash value of benefits, from government programs such as food stamps, the Earned Income Tax Credit, the child tax credit and housing assistance. None of these is in the current measure, which leaves family income dramatically undercounted. This would finally make it possible to know whether government programs actually help to reduce poverty.

Liberals should also embrace the new measure because it more accurately reflects the amount of money that families need to cover basic costs such as housing, food, transportation, child care and health care.

For most families, these costs greatly exceed \$22,025, the current poverty threshold for a family of four. Accurate accounting will help identify millions of families living just above the official poverty line and struggling to make ends meet — which most Americans would consider living in poverty.

An accurate poverty measure would provide the nation with better information for considering long-term and short-term solutions to poverty. It would give policymakers a clearer picture of how children and the elderly are faring. And it shows, for the first time, the effectiveness of specific government programs — and reforms of programs — in reducing poverty.

The supplemental measure announced by the Census Bureau will not replace the official measure in determining how much funding goes to states, or who is eligible to receive benefits. It will, however, start a process by which scholars and politicians come to see the clear benefits of the new measure for improving public policy.

This announcement is a major step forward that deserves the support of conservatives and liberals. Sound government policy and public accountability depend on it.

But equally important is the administration's aggressive action. These decisions had been avoided for decades, but this new poverty measure — which reflects broad agreement among scholars, policymakers and the public — presents a model for breaking deadlock in Washington.

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